



# INFORMATION MEMORANDUM

2018 / 09 / 12

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The background of the slide is a close-up photograph of a pine branch. The needles are green and sharp, with some showing a yellowish-brown hue, possibly due to sunlight or age. The background is blurred, showing more of the forest in warm, golden light.

# SUMMARY

# OPPORTUNITY OVERVIEW



1. Investment into a growing and highly profitable industry with the potential to reach a US\$ 180 Billion market size.
2. An experienced team with a proven track record of high yield cultivation, premium brand building and unrivaled political access in mature and emerging markets.
3. Globally diversified portfolio build up with strong market hedge – from mature California play to high growth / high margin African market – all with short term project paybacks.
4. Long term upside due to build out of our organic premium cannabis brand with monetization across several verticals (medicinal, recreational, oil, edibles etc.) and strong potential to become an acquisition target.
5. Company at the execution stage with all necessary ground work prepared and construction ready to go once capital is secured.
6. A de-risked proposal with immediate cash flow opportunities, quick scaling and a strong exit environment.
7. The initial investment will enable us to organically grow into a minimum valuation of US\$ 2 Billion within 18 months post financing with minimum dilution to early investors.





# KKOG THE BRAND





# ABOUT US



A strong team of visionaries with an ambition to set a precedent in the cannabis industry.

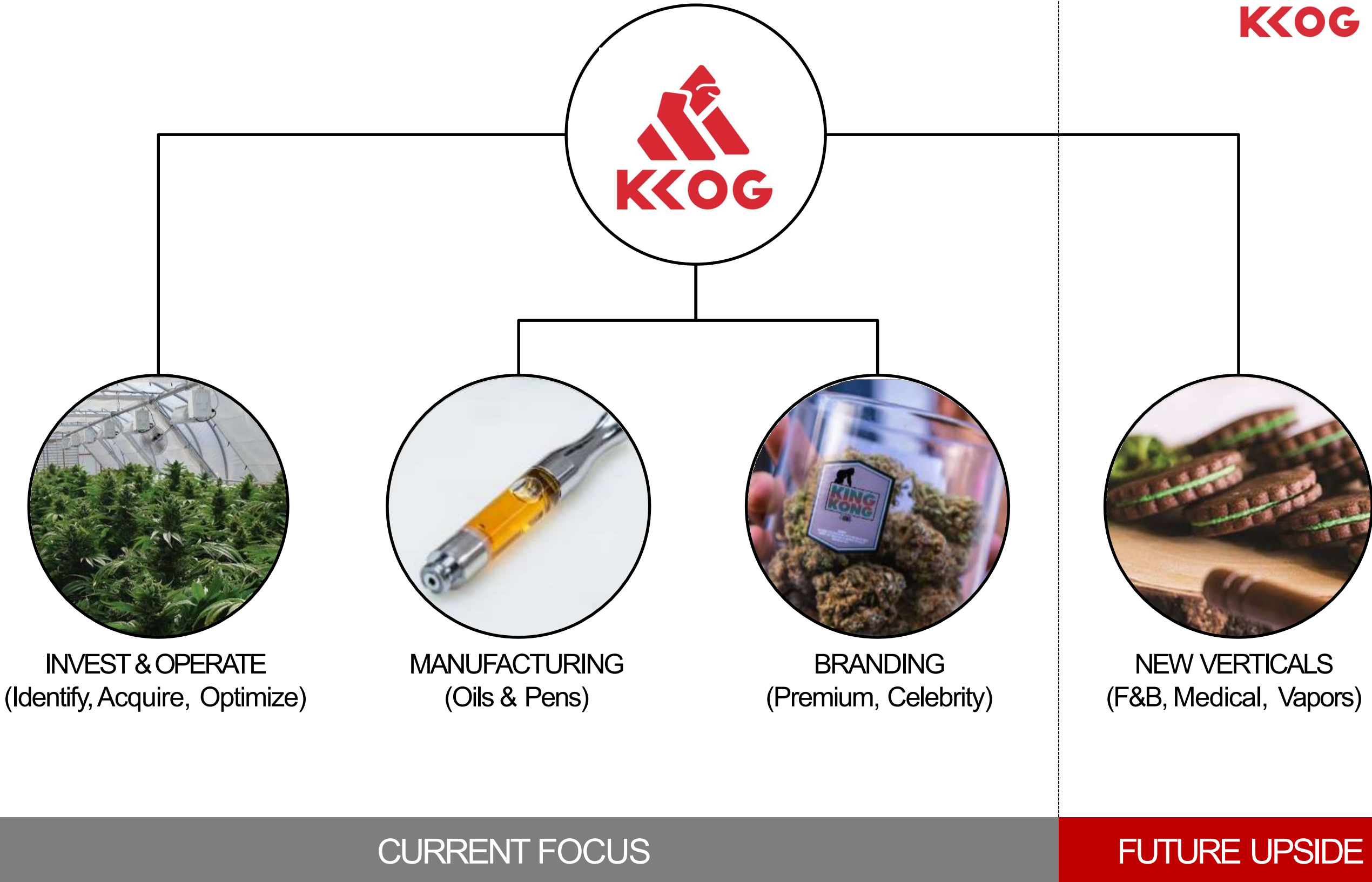
Our global industry network and deep market access enables us to identify unique opportunities in the cannabis space in mature and emerging markets. We are able to optimize any farm through industry leading growing & propagation techniques and crop selections turning pennies into millions within a short period of time.

With such quick monetization opportunities we are perfectly positioned to build a strong premium brand as well as new revenue verticals creating a diversified powerhouse in the cannabis industry.





# WHAT WE DO



# KKOG BRAND HISTORY



Sourcing per ½ Gram

7 US\$

Price to Wholesale per ½ Gram  
(After Distribution)

16 US\$

Distribution Partner  
Dispensaries

400+

Since its inception in 2018, KKOG has built a strong following for its oil products in California reaching over 400 dispensaries in the state. Our premium positioning has enabled us to achieve extraordinary margins. Going forward we aim for vertical integration of cultivation to control quality and supply building the foundation for a globally scaled premium brand.

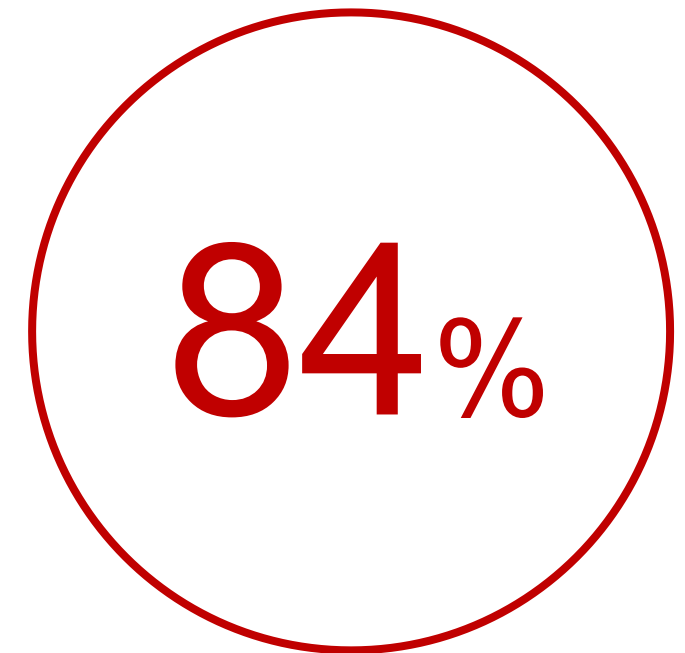


# THE ORGANIC ADVANTAGE



1. Providing a clear differentiator in the market and significant upsides for premium branding.
2. Wide consumer support and ease of celebrity endorsement.
3. Build momentum for later acquisition through CPG companies or PE.
4. 84% of California cannabis contains pesticides some of which form cyanide upon combustion.
5. High levels of molds and fungi are of additional concern.
6. Health and safety is especially important for the medicinal cannabis market which will create traction in recreational area as well.
7. Other industries such as food have shown success potential of an organic positioning.

**Myclobutanil Contamination Percentage  
Cannabis California**



**Seed**



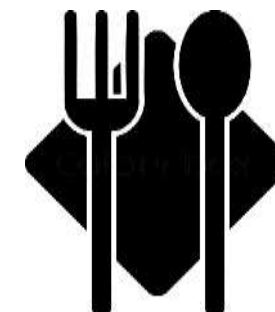
**Clone**



**Soil**



**Nutrients**



**No Pesticides**



A close-up photograph of cannabis plants with green serrated leaves and developing flower buds, serving as a background for the top half of the slide.

# MARKET POTENTIAL

A close-up photograph of cannabis plants with green serrated leaves and developing flower buds, serving as a background for the bottom half of the slide.

# MARKET SIZE



Global spending on legal cannabis will reach **\$57 billion by 2027**, with adult use to the tune of **\$38.3 billion**. Medical sales are estimated to comprise **\$19.1 billion**.

U.S. and Canada are expected to lead the way – from **\$9.2 billion in 2017 to \$47.3 billion by 2027 (CAGR 18%)**. With both adult and medicinal legalization the market offers great opportunities for product diversification and consumer brand development.

Markets outside of the U.S. and Canada show the highest growth prospects of **47% CAGR**. Here the market is almost exclusively medical.

Industry insiders expect the industry to outgrow the above and see the total global market potential at **US\$ 180 billion**.

**US\$ 180 Bn.**

Global Market Potential @Maturity  
(Canopy CEO)

**US\$ 57 Bn.**

2027 Global Market Size  
(AMR / BDS)

**47% CAGR**

2018 – 2027 Growth Outside  
North America  
(AMR / BDS)



# KPIs TARGET GEOGRAPHIES

A light gray world map serves as a background for the text boxes. The map is centered on the Atlantic Ocean, showing the continents of North America, South America, Europe, Africa, and Asia.

North America  
US\$ 9.2 billion (2018)  
US\$47.3 billion (2027)  
California  
US\$ 5.1 billion (2019)

South & Central America  
US\$ 776 million (2027)  
Top climate conditions  
Export opportunities  
Scythian US\$ 193 million exit

Africa  
400.000 kg potential South Africa  
Top climate conditions  
Export opportunities  
Lesotho Daddy Cann C\$ 29 million exit  
Aphria US\$ 3 million investment



# STRATEGY & TEAM





# CORPORATE ROADMAP

## Global CPG

Global sales and growth network and wide range of brands in additional verticals (e.g. biotech / edible)



## Branding

Global expansion of KKOG premium organic brand. Focus on both medicinal and recreational markets (recreational with higher margin potential due to branding)

## Cultivation & Production

Oil production and facility optimization for quick monetization building foundation for leveraged or organic growth.

## R&D

Build out of R&D capabilities and university partnerships providing access to IP pipeline for future diversification.

## Cluster Expansion

Expansion of clusters through additional cultivation assets and/or export. Add on of new clusters where attractive e.g. Colombia.

## Asset Acquisition

Land & license grab in US & Africa, focus on markets with strong demand, favorable cost of production, political access and potential for regional clusters.





# STRATEGY I/V RAPID CULTIVATION ASSET MONETIZATION



Farm Investment in US\$  
@24k sqf Footprint\*

1.5<sub>MN</sub>

California Annual Revenue in US\$  
@24k sqf Footprint

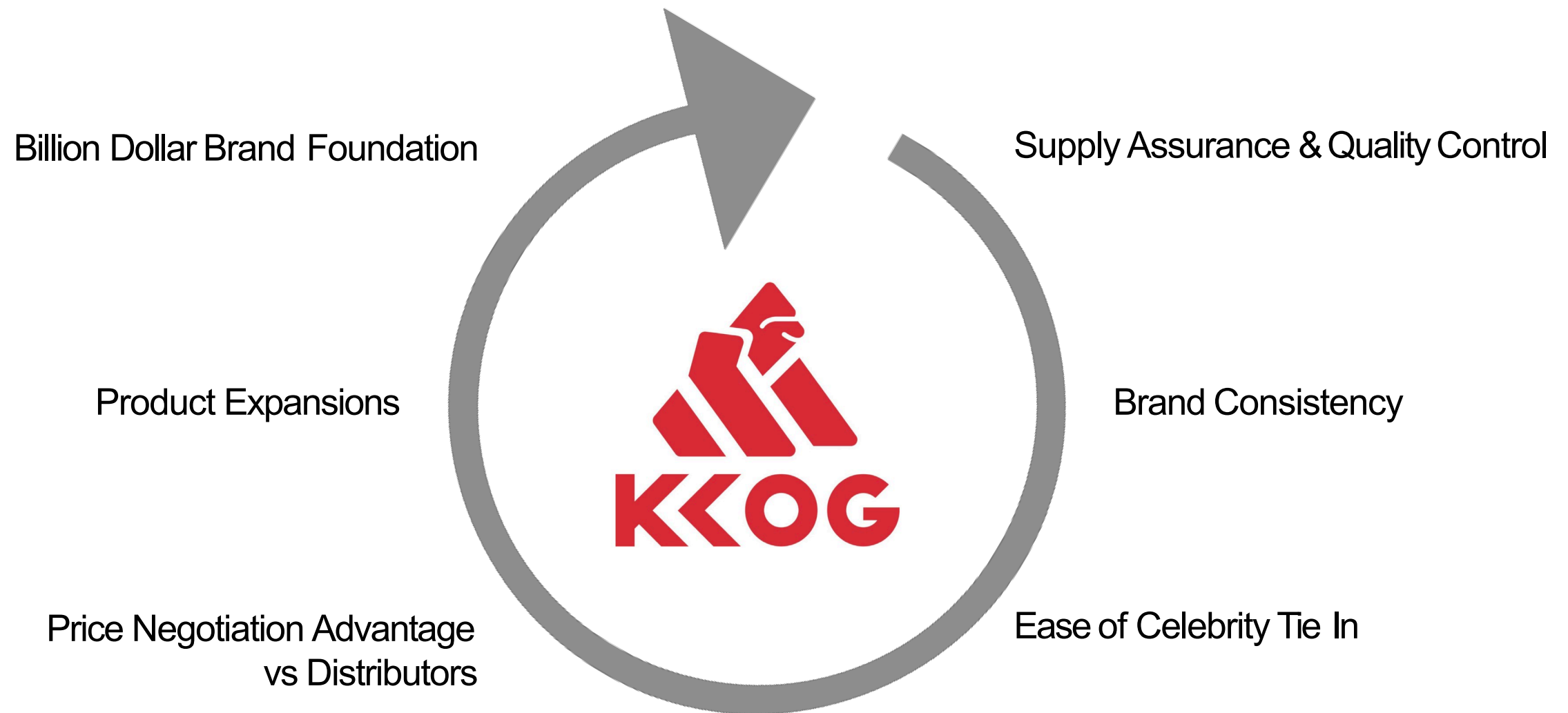
30<sub>MN</sub>

South Africa  
Price Upside vs California

2<sub>x</sub>

We focus on cultivation investments that enable strong immediate cash flows to build the foundation for our expansion into additional cultivation facilities and long term R&D efforts. Strong project cash flow opens up opportunities priority return debt structures.

# STRATEGY II/V: CULTIVATION ASSET INTEGRATION



Assurance of input supply and quality will provide the foundation upon we will build our multi billion dollar cannabis brand.

# STRATEGY III/V: BRAND & PRODUCT EXPANSIONS



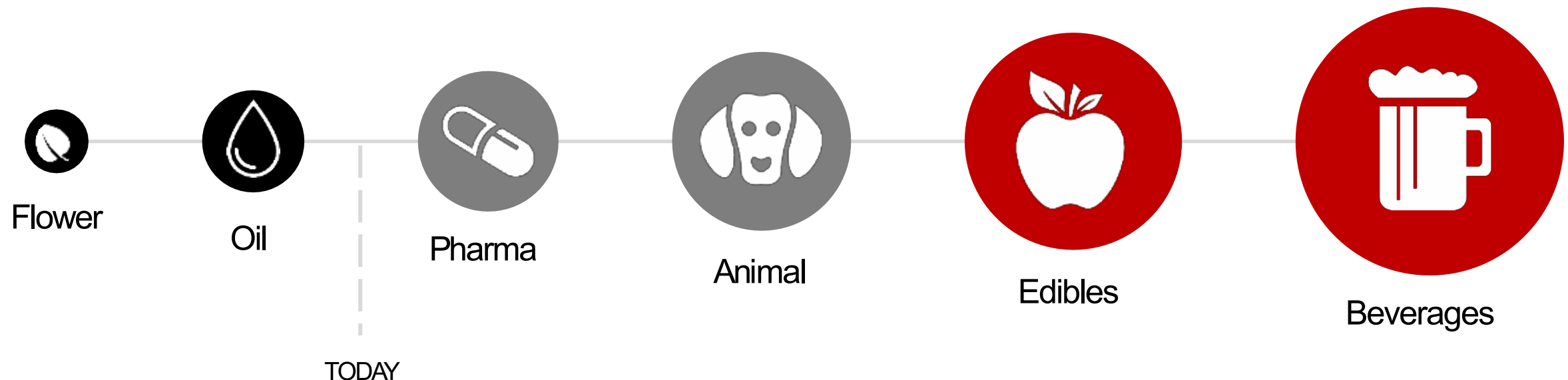
## MEDICAL

Everything starts with our organic premium flower and oils for medicinal applications.



## RECREATIONAL

Over time we add higher margin branded consumer products entering the CPG market.



Positioning us today to disrupt several industries in the future including but not limited to the > US\$ 1 Trillion alcoholic beverage industry.



# STRATEGY IV/V: HEAVY R&D FOCUS



Oil Extraction



Genetics & Breeding



Branded Products



With heavy R&D efforts in strategic areas we are creating a strong defensive position as well as significant upside opportunities by initiating several revenue verticals.

# STRATEGY V:V

## MARKET TESTING & SCALING



11.475 Lbs.

Phase I per greenhouse production



229.500 Lbs.

18 months production target



Market & Site  
Identification



Grow & Site  
Monetization



Large Scale Production  
& R&D Investments



Market Dominance &  
Billion Dollar Valuation

The cash flow generated by phase I operations will enable the build up of a large scale cultivation and R&D facility without the need of further dilution enabling a billion dollar valuation within 24 months.

# THE FOUNDING TEAM



Edouard possesses a wide political network due to his work as Congressional Aide for Congresswoman Carrie Meek in the House of Representatives and working with State Senators, U.S. Representatives, and municipal politicians regarding federal matters. Leveraging his access and unique skill set, Joseph has guided businesses in both the public and private sectors, providing them with a strong foundation in business operations, finance and accounting. Thereafter, Joseph ventured into the luxury skincare business, creating such brands as Princereigns and Eauprin which established a new categories and are now a \$140M niche brand. Renowned for reaching and garnering highly affluent consumers. Joseph created King Kong Organics in 2017 - California's preeminent cannabis oil extraction facility catering to the high-end luxury market through its distinct strains. Here he spearheaded the recent push into the African cannabis market which considered one of the industry's most attractive regions for the industry going forward.



Kristian is a horticulturist, certified arborist, gardening expert, and fitness enthusiast with more than 25 years of experience in cannabis horticulture experience. After graduating with a major in landscape design and architecture, Kristian entered the horticulture industry opening several indoor grow operations. A leading spokesperson in the industry, Kristian has been a key advisor to community groups and businesses seeking solutions to growing/propagation techniques and problems. He has offered his expertise and unique services to many of California's best greenhouses and became recognized locally and nationally as an unparalleled expert on cannabis investments. Kristian joined King Kong Organics as COO to assist spearheading the next revolution in cannabis.



Christopher is a Canadian national with extensive international business experience having worked and studied in China, France, Guinea, Jamaica, Niger, South Africa, Colombia and the US over the last 30 years. As a strategist he has worked at the highest levels for governments, political candidates and multinationals. An expert on external relationship management, operations, business development and government relations, Chris has been pivotal in the development of large scale international projects delivering projects in China, Colombia, Niger, Jamaica and Guinea on time and exceeding expectations. Chris is also a World Nuclear University Fellow. Chris holds a bachelor degree in Political Science and a Post Graduate Certificate in International Management. Chris also attended University of Transkei as a HBCU Network Fellow, where is studied business and government.



# MARKETING SUPPORT



VIRGINIASALAS KASTILIO

Founder and CEO of Gini.TV and considered the queen of snapchat. Managed over a billion dollars at Apple and Oracle without a degree. She has been named the #1 female snapchat influencer in the world and the hired gun behind organizations like the BBC, NASDAQ, and others. Gini will support KKOG as CMO.



ROC NATION

One of the world's preeminent entertainment company founded by Shawn "JAY Z" Carter. Roc Nation works in every aspect of modern entertainment—with recording artists and producers, songwriters and athletes. KKOG has agreements in place with several Roc Nation celebrities.



VIRGINIASALAS KASTILIO

Def Jam Recordings is an American record label focused predominantly on hip hop and urban music. Current artists include Logic, Big Sean, Kanye West, 2 Chainz, Jeezy, Jeremih, Ludacris, Pusha T, Desiigner and Jhené Aiko among others. KKOG has agreements in place with several Def Jam artists.



# CULTIVATION



# PHASE I GROW LOCATIONS



We will focus on markets that 1) have a local strong growth potential 2) export potential 3) existing relationships with local Governments and 4) favorable climate conditions as well as 4) production cost advantages.



# PHASE I GROWHOUSE DESIGN



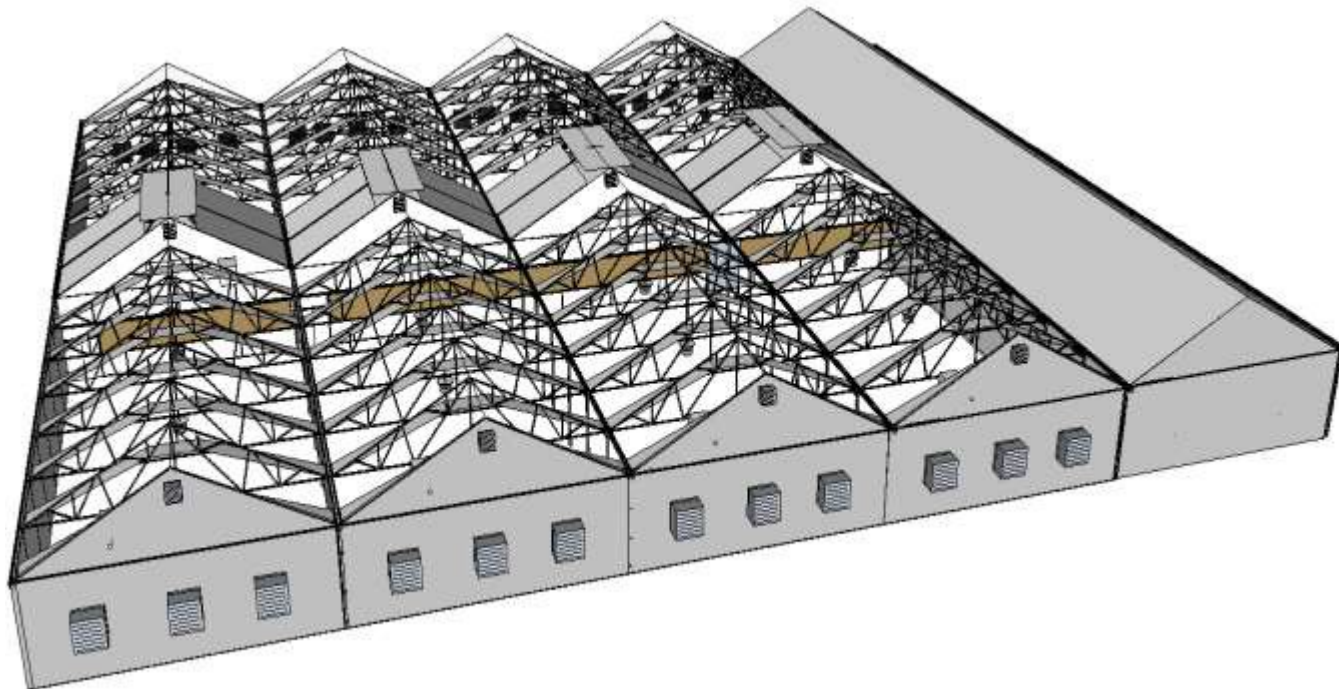
Custom design for KKOG SA initiatives.

A total of 4 climate controlled growing zones (2 veg and 2 flower)  
for 28,224 ft<sup>2</sup> of total usable space.

Turn key solution incl control system, CO<sub>2</sub>, ventilation, heating,  
cooling, light

Target Annual Output:

11.475 lbs. Dried  
Flower



# CLUSTER BUSINESS MODEL



Stakeholder  
Government  
Relationships



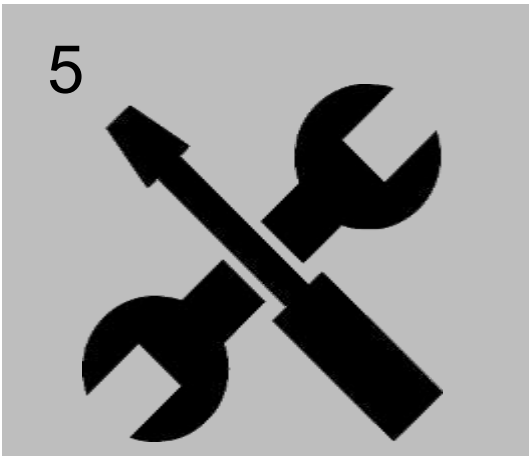
Opportunity  
Identification  
Shortlisting



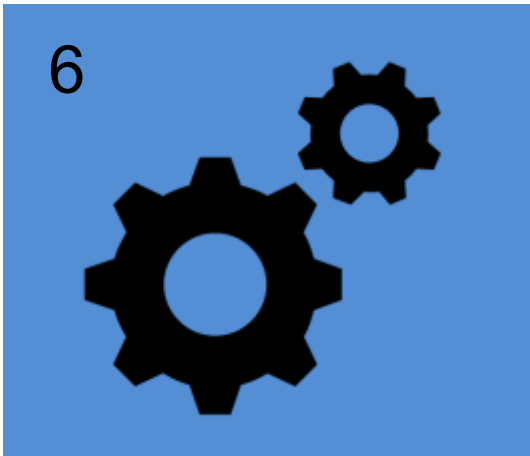
Project  
Financing



Financing



Development (New)  
Optimization (Existing)



Operation  
Monetization



Cluster Expansion  
Farm Expansion



Farm Exit  
Cluster Exit



# COMPETITIVE ENVIRONMENT





# KKOG COMPETITIVE POSITIONING



KKOG is uniquely positioned to benefit from the growth of emerging markets in Africa and Asia-Pacific while simultaneously expanding its premium branded product in the United States.



# FINANCIALS



# CALIFORNIA vs SOUTH AFRICA



**Cultivation Cost  
Per lbs Flower**



California: US\$ 300 – 500\*  
S. Africa: US\$ 100

**Retail Price  
per ½ Gram Oil**



California: US\$ 50 - 65  
S. Africa: US\$ 100 - 130

**Market Size  
Estimate 2019**

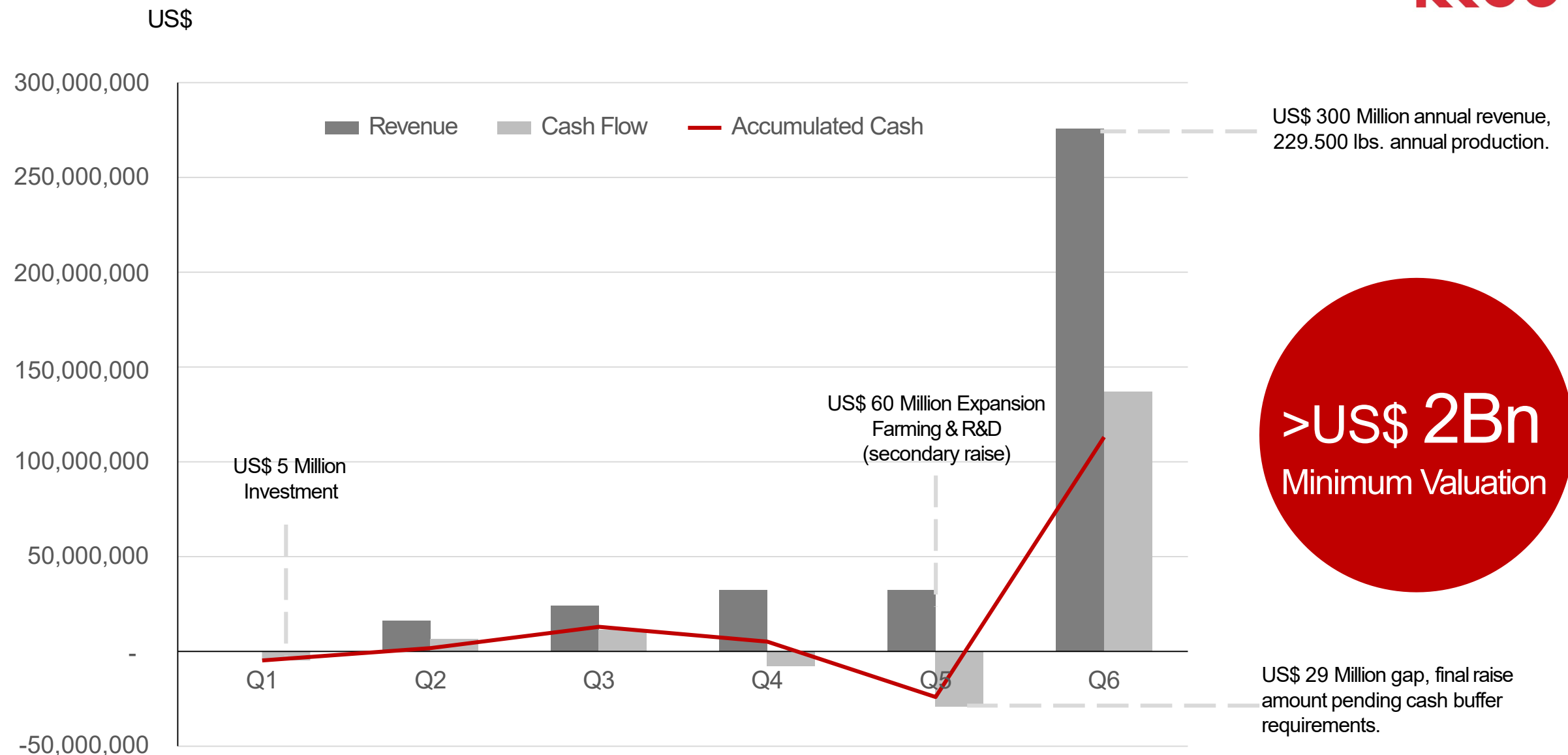


California: US\$ 5.1 Billion  
S. Africa: N/A

Initial target markets of South Africa and California provide for strong internal hedge. California as a proven, large market and a strong track record of KKOG to introduce premium products and South Africa as a high margin / high growth market without significant competition and strong political goodwill to the KKOG team.



# THE PATH TO US\$ 2 BILLION – 18 MONTHS



The initial investment will enable a quick ramp up and establishment of global operations which will enable a secondary raise (approx. US\$ 50M pending cash buffer requirements) for the build up of a US\$ 38M R&D facility as well as expansion of grow facilities leading to a 229,500 lbs. annual production footprint. This will enable us owning the leading the African market. We foresee a listing at a min pre-money valuation of US\$2B with final value pending use of funds and resulting expected capacity build out.

# VALUATION COMPS\*



Name	Ticker	Activity	Market Cap	19/'20 Projected Capacity kg	Capacity X
Canopy Growth Corp	CGC	Cultivation	US\$ 11.4 Billion	500,000	22,800*
Tilray Inc	TLRY	Cultivation	US\$ 9.8 Billion	250,000	70,000
Aurora Cannabis Inc.	ACBFF	Cultivation	US\$ 6.7 Billion	430,000	15,581
Aphria Inc.	APHQF	Cultivation	US\$ 3.7 Billion	230,000	14,800
Cronos Group Inc.	CRON	Cultivation	US\$ 2.0 Billion	71,000	28,169
The Green Organic Dutchman	TGOD	Cultivation	US\$ 1.5 Billion	116,000	12,931
HEXO	HYYDF	Cultivation	US\$ 1.3 Billion	108,000	12,037
OrganiGram Holdings Inc.	OGRMF	Cultivation	US\$ 733 Million	113,000	6,487
Newstrike Resources	NWKRF	Cultivation	US\$ 340 Million	27,000	12,621

Additional attractive project and company acquisitions as well as investments in the target regions e.g. Jamaica's Kaya's C\$ 8.5 million capital raise for listing on TSX, Canopy's acquisition of Lesotho's Daddy Cann in an all-stock transaction valued at around C\$ 28.8 million, Supreme Cannabis Co.'s investment of \$10 million in a Lesotho company to export high-grade cannabis oil, Aphria forming of CannInvest Africa which came about from a roughly \$3 million investment with the Verve Group of Companies, Scythian announcement of an agreement to sell off its Colombian, Argentinian and Jamaican assets to Aphria for US\$ 193 million.



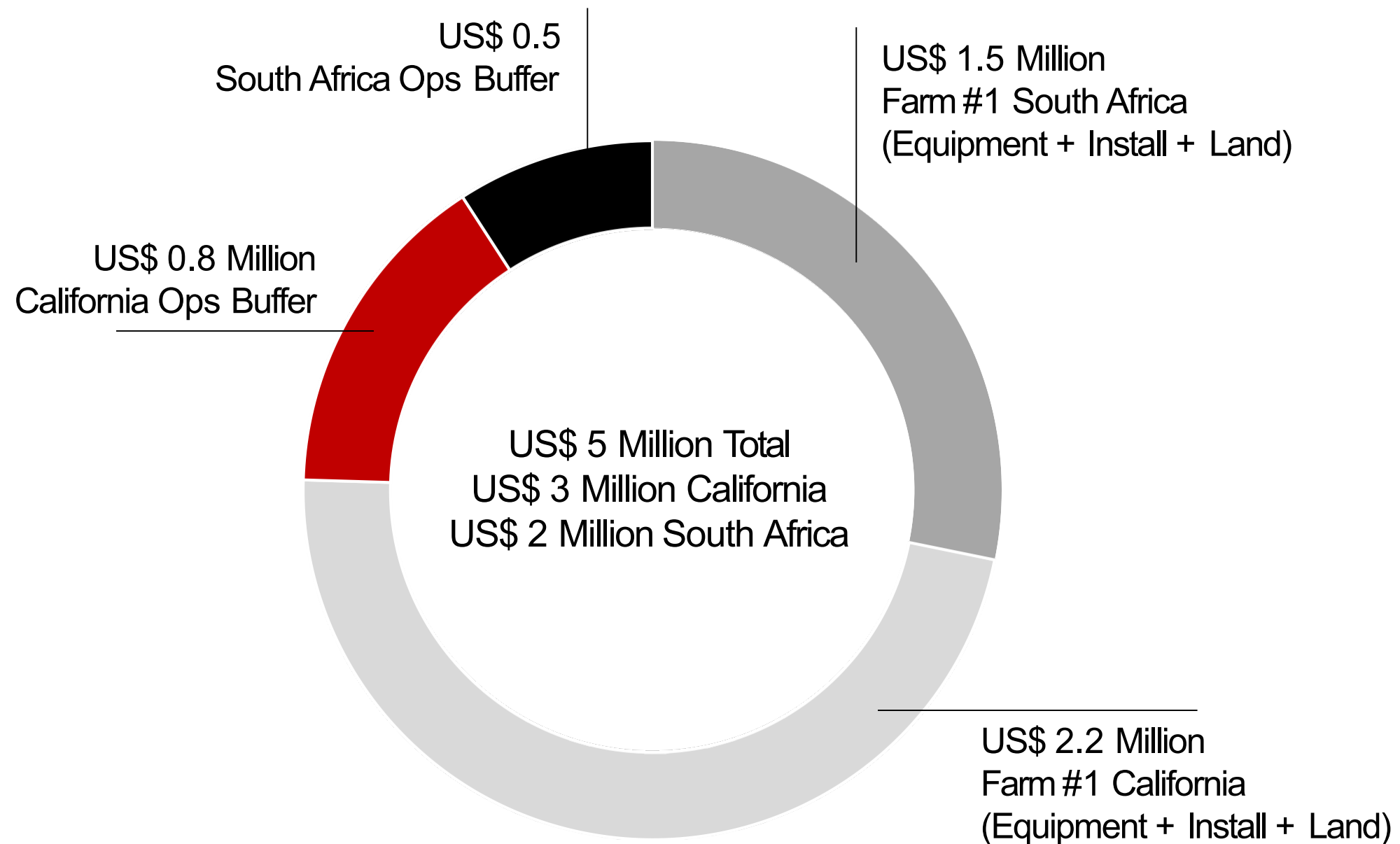
# INVESTMENT PROPOSAL





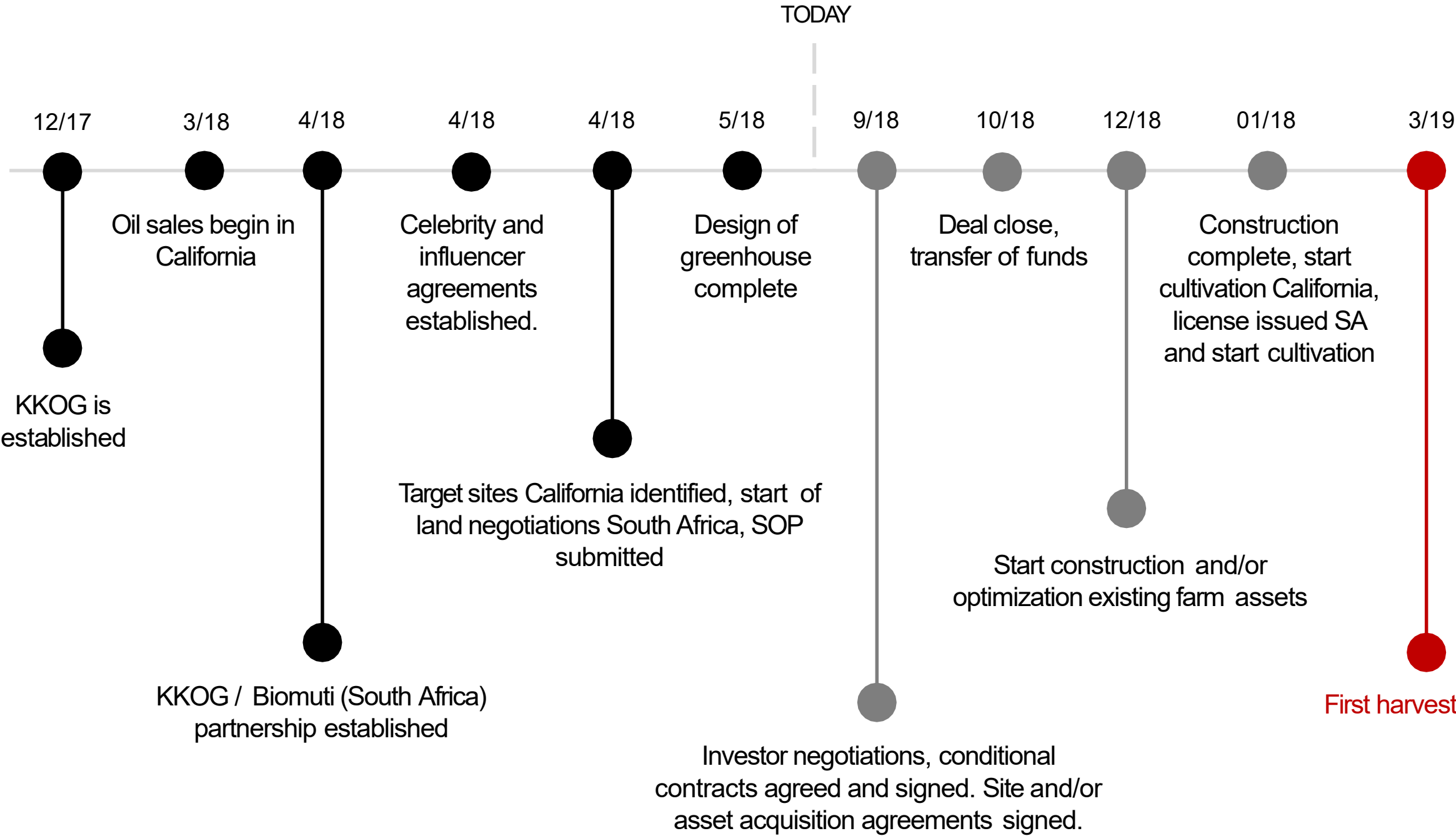
We suggest an investment that enables low risk & quick payback through direct farm ownership while maintaining maximum long term upside through equity participation in the holding company.

# TARGET RAISE & USE OF FUND



Target raise of US\$ 5 Million to establish 23,000 lbs. dried flower production across California and South Africa. This will enable us to grow into a US\$ 2 Billion valuation within 18 months with minimum dilution. Potential to lower investment by phasing investment (e.g. target California first).

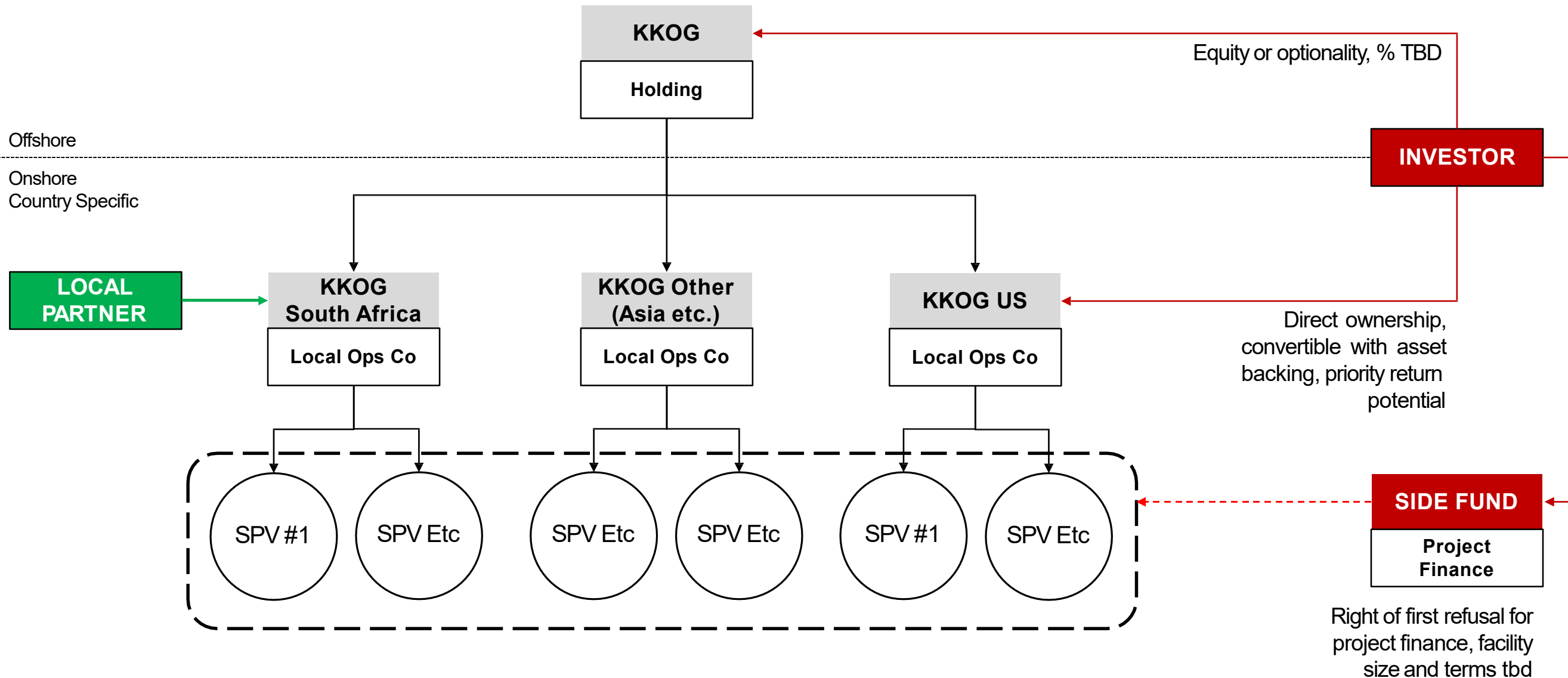
# PATH TO MARKET





# PROPOSED INVESTMENT STRUCTURE\*

Indicative only, will be adjusted based on investor feedback



Above structure assumes priority return investment with a direct ownership in region plus equity kicker on the holding company level. Potential to additionally set up KKOG Brand entity to a) minimize local US tax burden by taking brand licensing fees from KKOG US Ops co b) to create an entity that does not “touch the plant” which eases banking relationships. Country specific licensing structures can be set up to minimize local tax burden if not prevented by excessive withholding taxes. Same for other tax optimized structures such as equipment leasing etc. Structures that avoid touching the plant such as real estate ownership vehicles will be investigated on a case by case basis. Structures will be analyzed and optimized on a case by case basis. KKOG is open for escrow type structures where assets and equipment financed under the project finance component stays with a third party escrow provider until investment is returned.

# PRIORITY RETURN SENSITIVITY\*



## Investor Payback: Sell Through vs Cost to Produce (Lbs Flower) @32 US\$/g Oil

	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
250	11.55	10.84	10.27	9.81	9.42	9.09	8.80	8.55	8.33	8.14	7.97
300	11.83	11.06	10.45	9.96	9.54	9.19	8.89	8.63	8.40	8.20	8.03
350	12.13	11.30	10.65	10.12	9.68	9.31	8.99	8.72	8.48	8.27	8.08
400	12.46	11.56	10.85	10.29	9.82	9.42	9.09	8.80	8.56	8.34	8.14
450	12.83	11.84	11.08	10.47	9.97	9.55	9.20	8.90	8.64	8.41	8.21
500	13.23	12.15	11.32	10.66	10.13	9.68	9.31	9.00	8.72	8.48	8.27
550	13.68	12.48	11.58	10.87	10.30	9.83	9.43	9.10	8.81	8.56	8.34
600	14.18	12.85	11.86	11.09	10.48	9.98	9.56	9.21	8.90	8.64	8.41
650	14.74	13.26	12.17	11.33	10.67	10.14	9.69	9.32	9.00	8.73	8.49
700	15.37	13.71	12.50	11.59	10.88	10.31	9.83	9.44	9.10	8.82	8.57
750	16.09	14.21	12.87	11.88	11.11	10.49	9.98	9.57	9.21	8.91	8.65

## Investor Payback: Price vs Cost to Produce (Lbs Flower) @100% Sell Through

	17.50	20.00	22.50	25.00	27.50	30.00	32.50	35.00	37.50	40.00	42.50
250	10.88	10.03	9.39	8.90	8.51	8.19	7.92	7.69	7.50	7.33	7.19
300	11.11	10.19	9.52	9.00	8.59	8.25	7.97	7.74	7.54	7.37	7.22
350	11.35	10.37	9.65	9.10	8.67	8.32	8.03	7.79	7.58	7.40	7.25
400	11.61	10.56	9.79	9.21	8.76	8.39	8.09	7.84	7.62	7.44	7.28
450	11.90	10.76	9.94	9.32	8.85	8.46	8.15	7.89	7.67	7.48	7.31
500	12.21	10.97	10.10	9.44	8.94	8.54	8.21	7.94	7.71	7.52	7.35
550	12.55	11.20	10.26	9.57	9.04	8.62	8.28	8.00	7.76	7.56	7.38
600	12.92	11.45	10.44	9.71	9.15	8.70	8.35	8.05	7.81	7.60	7.42
650	13.34	11.72	10.63	9.85	9.26	8.79	8.42	8.11	7.86	7.64	7.45
700	13.80	12.02	10.84	10.00	9.37	8.88	8.49	8.17	7.91	7.68	7.49
750	14.31	12.34	11.06	10.16	9.50	8.98	8.57	8.24	7.96	7.73	7.53

\*simplified, based on 50% share in project cash flow, do not take account of D&A / debt interest of priority facility on tax, California baseline, including 5 months lead time funds received to first harvest. Priority return structure open to strategic investors only.

# HEDGING CONSIDERATIONS



1. US Market Recreational Opening & Export: Ability to scale up rapidly in US, potential to use SA as an export base depending on African market opportunity costs.
2. US Market Recreational Opening & No Export: Ramp up locally in the US, target expansion of footprint on regional that offers more upside (US vs Africa).
3. US Market Federal Prohibition: Continue to operate in California as a hedge for future expansion when federal market legalization occurs. Focus short term attention on emerging market expansion.



# RISK CONSIDERATIONS & DE-RISKING



## FOUNDER CONSIDERATIONS

Well established team with proven track record in cultivation and yield improvements, brand building as well as local market access and stakeholder relationships.

## MARKET CONSIDERATIONS

California as a proven and large market with KKOG track record and perfect ground for potential US wide expansion after federal legalization. South Africa as a potential high profit high growth market, market risks can be overcome through focus on oil (long shelf life and export hedge)

## COMPETITION CONSIDERATIONS

Little competition in the North American premium organic space with established players focused on capacity expansion rather than brand building. South Africa competitive pressure hard to assess but level playing field with highly capitalized players as acquirers rather than developers limiting competitive pressure. Currently small amount of local players with cultivation licenses (3) but no experience in the field.

## TIMING CONSIDERATIONS

Opening of South African market offers first mover advantage. California market with current opportunistic cultivation asset acquisition opportunities. Quick start of operations (30 – 60 days) once funding is achieved in either case.

## DILUTION CONSIDERATIONS

Strong and immediate cash flow minimizing risks for future dilution. Follow on financing to occur on a farm level through equity / debt instruments or through a larger raise against the holding company at a >1BN US\$ pre-money minimizing dilution.

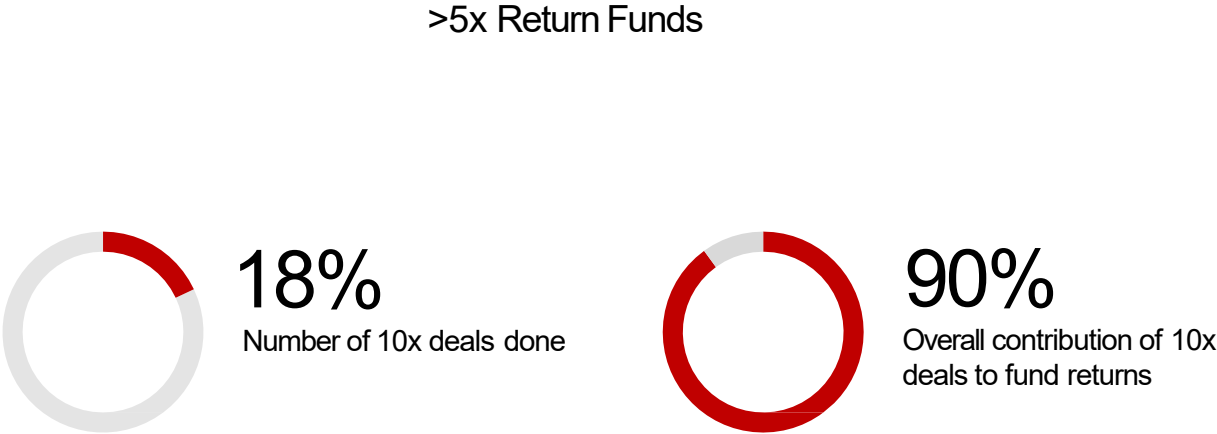
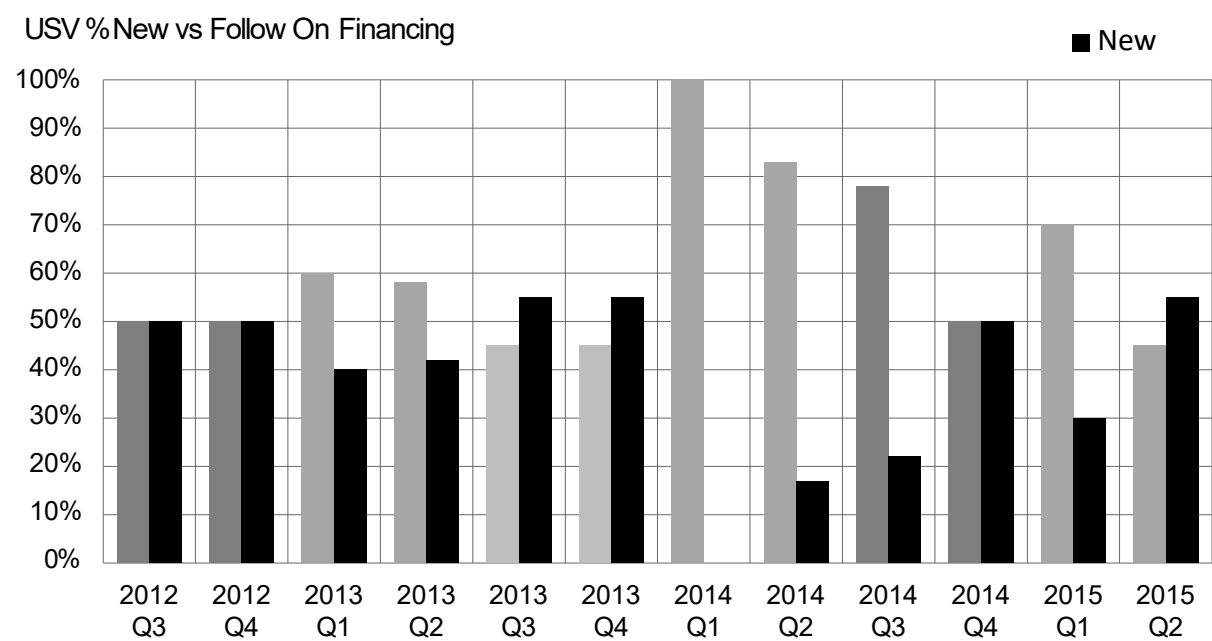
## PRODUCT CONSIDERATIONS

Proven demand for KKOG's premium oil products de-risks California cultivation asset investment significantly. Oils with long shelf life and export opportunities de-risks the South African position (market delay, lower market demand).

## LICENSE CONSIDERATIONS

California market with existing licenses (cultivation and transport), all cultivation asset acquisitions will have existing licenses. South Africa license will be issued only after facility is erected. License risk low as main requirement is fulfillment of sanitary conditions and SOPs. Land and Government agreements will be in place before funding is pulled. Due to large share of CAPEX cost of overall raise i.e. a worst case scenario relocation of the facility would increase costs only marginally.

# FUTURE UPSIDES: ACCELERATOR



With superior industry networks KKOG is perfectly positioned to establish an early stage accelerator thereby increasing its equity positions in promising start ups with minimum capital investments and the opportunity to double down on winners through its project cash flows.

